# FY2009 Year End Financial & Management Report

**Fiscal Year Ending September 30, 2009**

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October 16th, 2009
Highlights

METRO Solutions – Significant Accomplishments

FY2009 was a year of significant accomplishments for the METRO Solutions expansion program.

In April, the Facility Provider contract with Parsons Transportation Group to design and construct four new rail lines (East End, Southeast, North and Uptown) was officially signed for $1.46 billion. This light-rail line expansion will add approximately 20 miles to the existing 7.5 mile Main Street line. The contract also provides for the initial purchase of 47 light rail vehicles. The fifth rail line (the University line) and an intermodal terminal near downtown are not in this contract at this time. The selected contractor, Parsons Transportation Group, will initially operate the lines and will be responsible for overall system performance and maintenance for five years after construction is complete. Additionally, this contract with Parsons Transportation Group is expected to stimulate the local economy by directly and indirectly creating an estimated 60,000 jobs while at the same time maintaining a minority and small business subcontracting goal of 35% for eligible work, valued at approximately $335 million.

The Board of Directors approved an initial spending authorization of up to $632 million, to include utility relocation work, roadwork, guideway and a rail vehicle service & inspection facility in the East End corridor, and the purchase of 29 new light rail cars (19 for the existing Main Street line and 10 for the East End line) from CAF USA Inc. Implementation of this initial phase of the contract is expected to create 25,000 jobs.

The current status of each of the corridors is as follows:

East End: (3.3 miles)  
- Construction, utility work, and demolitions of properties have begun.  
- 76% of the 138 land parcels have been purchased.
• In March, the FTA approved four Letters of No Prejudice (LONP’s) authorizing METRO to begin spending its own funds, totaling $135.7 million, for advanced design work, early materials procurement, utility relocation and rail car purchases.

• In May, $150 million in federal grants was included in the Obama Administration’s FY2010 budget specifically for build-out.

• An official groundbreaking took place on July 13th, 2009 with a historic ceremony at Union Station in Minute Maid Park. Attendees included key local, state, and congressional political leaders and proponents of the new rail lines.

• Also in July, METRO issued a $121 million notice to proceed (part of METRO’s facility provider contract) for initial utility relocation work and other early work components.

• In August METRO successfully obtained the FTA’s permission for Final Design, the final prerequisite before entering into Full Funding Grant Agreements. With this approval METRO is authorized to undertake construction preparation activities such as utility relocation, property demolition, development of detailed specifications and preparation of final construction plans.

• North Line has 86% of the 115 real estate parcels purchased; Southeast Line has 78% of the 133 real estate parcels purchased.

• Uptown Line has been advanced with Preliminary Engineering necessary to coordinate the light rail project with street improvements planned by the Uptown Management District.

• FTA approval to enter Preliminary Engineering is expected in November 2009. All requirements of the Record of Decision (ROD) have been satisfied. ROD is expected in early FY2010, which will allow property acquisition to begin.

The most recent achievement has been the September approval of METRO’s Title VI program by the Federal Transit Administration (FTA). This approval was a requirement for complying with the FTA’s New Starts program, the federal government’s primary financial resource for supporting major transit "guideway" capital investments such as light rail.
Surveys Affirm METRO Is On Track

According to several recent surveys, the Houston public both approves the job METRO is doing and is ready for more public transportation. In the latest survey conducted by KHOU-TV and KUHF (Houston Public Radio) in August, when asked about the top issues of concern in regards to the next mayoral election, crime ranked 1st and transit came in 2nd. In addition, 59% of respondents approved the job METRO is doing.

These results were consistent with two other surveys presented earlier in the year, the annual Houston area survey and METRO’s Customer Satisfaction Survey. In the annual Houston area survey, conducted by Rice sociology professor Dr. Stephen L. Klineberg, local interest in public transportation seems to have hit an all-time high. According to the results of the survey:

- 50% said “making improvements in public transportation, such as trains, buses and light rail” is the best long-term solution to the city’s traffic problems, up from 42% in 2007;
- 62% said the “development of a much-improved mass transit system” will be “very important” for the future success of Houston, up from 45% in 1993;
- 41.5% (up from 38% in 2004) disagreed with the suggestion that “even if public transportation were much more efficient than it is today, I would still drive my car to work.”

Meanwhile, METRO’s 2008 Customer Satisfaction Survey results showed that most riders are completely or mostly satisfied with METRO service. The 29-question survey (conducted September – October 2008) consisted of personal interviews in both English and Spanish with a sample of 827 riders on METRO buses, at bus stops, Park & Ride lots, Transit Centers and at METRORail stations. The survey concluded that:

- 94% of riders are completely or mostly satisfied with METRO overall;
- 98% of riders would recommend METRO to a friend;
- 96% of riders say METRO service has improved over the past year;
- 95% of riders say they can rely on METRO to get them where they want to go.

The top seven factors with the highest scores were: ease of use, drivers’ knowledge of routes, knowing where to go if a rider has a complaint, drivers’ driving skills, courtesy of the drivers, doing a good job of telling riders about route/schedule changes, and fares being a good value for the money.
**METRO Continues to Expand Service Offerings**

In the wake of service cuts throughout the transit industry, METRO remains in a league of its own as it stays committed to offering its patrons more service and expansions. Most recently on August 24th, METRO rolled out a new premium service - the 426 Texas Medical Center (TMC) SwiftLine. This express service provides a quick connection between the Southeast and TMC Transit Centers, two of the Authority’s busiest transit centers, linking 20 different routes (13 from the TMC & 7 from the Southeast) plus creating access to the METRORail.

The SwiftLine travels along Holcombe and O.S.T. on the existing 26 Outer Loop / 27 Inner Loop route every 15 minutes between 6 a.m. to 9 a.m., and 3 p.m. to 6 p.m., Monday through Friday. Since the service only operates during peak periods with limited stops (five as opposed to the 23 of the existing route it overlaps), patrons enjoy a trip that is 25% faster than the existing route.

Because the SwiftLine is a demonstration line - a precursor to Quickline service, it shares many of the same amenities as the other Signature Bus Services planned in the METRO Solutions Phase II plan. This includes the use of new, state-of-the-art hybrid buses equipped with bicycle racks and security cameras, plus uniquely branded buses, shelters, and stops with the SwiftLine logo for easy identification. These features, coupled with improvements made to the traffic signals in the corridor, easily make this route a real value at only a $1.25 - the same price as any local bus.

In early June, METRO launched two other services: the 402 Bellaire Quickline and the 32 Renwick Crosstown. The Bellaire Quickline provides more efficient travel along the Bellaire corridor to, from and around the Texas Medical Center. Operating every 15 minutes at peak periods, this limited-stop service saves passengers 15 minutes over the 9-mile distance when compared to the 2 Bellaire, which it mirrors. The 32 Renwick Crosstown fulfills the METRO Solutions plan to add new bus routes to the METRO system. By connecting with seven of METRO’s top 20 bus routes plus four other routes, the Renwick Crosstown serves 111 multi-family residential developments, 69 retail/supermarket locations, 17 religious gathering places, and 15 educational institutions, as well as key medical and healthcare locations.

In addition to launching these new routes, on April 6th METRO also extended its 244 Monroe route to include the City of Pasadena via a new Park & Ride service to and from the Pasadena Town Square Mall.

**Security Efforts Bolstered with Stimulus Funds**

In August, METRO made the list of 15 transit agencies across the country that will get a boost from federal stimulus funds as it received a $3 million award from the pool of $78 million in American Recovery and Reinvestment Act (ARRA) Transit Security Grant
Program (TSGP) funds – money aimed to help transit agencies better equip themselves to prevent acts of terrorism. With the funds, transit agencies are able to hire new police officers or anti-terrorism personnel as well as purchase anti-terrorism equipment. METRO will use the money to hire 10 police officers.

**METRO Welcomes its Newest Board Member**

On July 13th, native Houstonian and former deputy chief of staff for the City of Houston Terence H. Fontaine was sworn in as METRO’s newest board member. Replacing prominent local minister Bishop James W.E. Dixon II, Fontaine is now one of the five board members representing the City of Houston. Comprised of a total of nine members, the METRO Board of Directors also has two seats representing Harris County in addition to two other seats representing the 14 multi-cities in the Authority’s service area.

**Audits Display Excellence & Achievements**

In FY2009 three major audits were concluded on various aspects of METRO’s operations, resulting in an impressive scorecard of achievement. In March, METRO completed its quadrennial State Performance Audit which assessed the Authority in regards to data collection, bus & light rail performance benchmarks, and compliance with state laws within the 4-year span between October 2004 and September 2008.

The results of this State-required audit, conducted by Booz Allen Hamilton and conforming to State of Texas guidelines, showed that METRO was in compliance with the State’s data and performance indicator reporting requirements as well as all essential legislative requirements. In addition, the audit commended METRO for its success in controlling expenses and implementing long-term cost reductions, especially at a time of increasing health, pension and fuel costs.

Most impressive was the comparison of these latest audit results with those of the previous State-required audit for the period FY2001-FY2004. In the FY2004 audit, METRO’s system-wide ridership was down 5%, farebox recovery was down 29%, and operating costs and cost per passenger both increased over 25% while the Consumer Price Index (CPI) grew only 10%; in the FY2008 audit, system-wide ridership was up 3%, farebox recovery was up 8%, and costs increased well below the CPI.

Also in March, METRO completed the on-site portion of its Triennial Review (TR), a congressionally-mandated audit of the Authority’s compliance with required federal laws, rules, and regulations. The reviewers, consisting of FTA staff and consultants, complimented METRO on its compliance in the areas of its procurement, safety and security, drug-free workplace, drug and alcohol program, grants management, and ADA (Americans with Disability Act) programs.
In December 2008, METRO also received the results of another State audit (January 2008 thru November 2008) where it was concluded that the Authority is practicing financially sound policies and has adequate processes in place to manage its planned, long-term expansion for light rail. The audit also found that the financial and performance reports for FY2007 were internally consistent and supported by the Authority's information systems.

**New Labor Agreement Comes into Force**

At its February meeting, METRO’s Board of Directors approved a 3-year labor agreement with the Transport Workers Union, No. 260. The agreement reflects METRO’s efforts to recruit and retain a top quality workforce through an updated wage rate progression as well as changes in new hire wages, pension benefits, and health insurance contributions. In addition, the agreement also allows METRO better cost control through adjustments in part-time employee utilization. The Transport Workers Union represents METRO operators, mechanics, cleaners, storeroom attendants, and revenue agents.

**METRO STAR Leads as Regional Vanpool Program**

In April of FY2009, METRO’s vanpool program was rebranded as “METRO STAR” in an effort to increase awareness, grow ridership, and make METRO’s ownership of this service and market identity readily visible throughout the region. The concept of “METRO STAR” represents a far-reaching public-private partnership which combines most of the regional vanpool programs under one brand. METRO STAR currently has 737 vans in the program and carried over 2.6 million passengers in FY2009.

**New Technology Tools Aid Customers**

In February, METRO teamed up with Google to give riders a new tool for easier trip planning. Now METRO riders are able to use the online resource Google Transit to generate trip itineraries with three-dimensional street view maps as well as calculate walking distances and times. Because Google Transit is layered with Google Maps, it provides users with a very interactive experience and includes access to data on local traffic, aerial maps, restaurant information, and much more. Additionally, this partnership has also allowed patrons the ability to plan trips and access system information through a mobile phone with Google Mobile. Google trip planning can be accessed at www.ridemetro.org and is free for all users.

In late December 2008, METRO officially rolled out METROLift’s Automated Computer System, MACS-Web. METROLift, which celebrated its 30th year of service in July, now has a new online scheduling system which gives METROLift customers the ability to independently manage their trips 24 hours a day, seven days a week through the use of the internet. Riders can now schedule their trips, verify their trip times, and cancel...
unwanted trips without speaking to an agent. Today, more than 500 individual METROLift riders are now scheduling their trips online.

**METRO Hosts Fare Collection Conference**

Prompted by the successful implementation of METRO’s smart card fare technology, METRO Q®, the American Public Transit Association (APTA) selected Houston as the venue for this year’s conference on fare collection. The event was held in mid-March and provided participants from transit agencies worldwide the opportunity to tour various METRO facilities and locations throughout the city in order to see METRO Q® in operation. Additionally, METRO conducted a series of workshops chronicling the 3-month adoption campaign for this new fare media.

METRO Q®, which celebrated its year and a half anniversary in July 2009, is becoming an industry model for the successful implementation of this next generation of advanced fare collection technology. Since its introduction, the METRO Q® fare card, a smart card which passengers tap against an electronic reader to deduct a fare from a preloaded balance, has been a huge success with over 70% penetration among METRO riders with an estimated 541,000 cards being used. Today, METRO Q® users are now tallying 189,000 taps a day with 1.5 million riders taking advantage of its loyalty program which allows five free trips for every 50 paid trips.

**Green Initiatives Sprout Operational Efficiencies**

A series of energy-saving initiatives which METRO has implemented not only saved money but also proved to be environmentally friendly. Through these initiatives, METRO reduced its water usage by more than 5% and its gas consumption by more than 7% for the 12 months ending in June 2009. Moving forward, the continuation of these energy-saving initiatives is not only expected to save the Authority - and taxpayers - thousands of dollars per year but they will also ensure further reductions in METRO’s energy footprint and water consumption. These initiatives include:

- monitoring and tracking utility consumption at each facility;
- retrofitting old lighting systems with newer, more efficient ones;
- adjusting temperature settings at facilities;
- recycling water used to wash its bus fleet;
- watering lawns and landscaping areas on an as needed basis;
- reviewing sprinkler systems to detect and repair leaks;
- installing occupancy sensors in offices and conference rooms to reduce energy use in unoccupied areas; and
- eliminating the supply of styrofoam cups in the break rooms at 1900 Main by asking employees to use personal mugs.
Recognizing the initial success of these initiatives, METRO has already started working on an FY2010 plan that adopts the Environmental Protection Agency’s (EPA) Energy Star program as well as identifies other opportunities to trim its energy usage.

**Bus Replacement Program Continues**

METRO continues the implementation of its long-range fleet replacement program which replaces older, diesel-powered buses with new hybrid-electric vehicles at a steady pace over a 12-year period. Compared to diesel-powered buses, the hybrid-electric buses, using an advanced ‘green’ technology, are able to reduce fuel consumption up to 20% and reduce emissions of nitrous oxide by 50% and other pollutants by 90%.

The hybrid buses also offer bus patrons a better riding experience. Because the bus’ technology has a unique shifting mechanism, the actual riding experience on these buses is quieter and smoother than that of the traditional buses used in the fleet. In addition, the new hybrid buses are also designed with more passenger leg room, making the bus friendlier for both the patrons and the environment.

Of 300 new hybrid-electric buses on order, the delivery of 158 was completed by the end of September 2009 (102 Park & Ride buses and 46 local buses) with 40 buses remaining to be delivered by December 2009 (40 local). In FY2010, 100 new hybrid-electric buses are expected to be on order.

**Rail Safety Advances with Innovation**

In April, the Federal Highway Administration (FHWA), the agency responsible for setting the standards for traffic signs, signals, designs and safety features, gave METRO permission to expand its experimental lighted pavement marking system (LPMS) at more intersections along the Main Street Rail line’s 7.5 mile stretch. The LPMS safety program – pioneered by METRO – was established to increase visibility at the train crossings and reduce red-light-running violations and crashes. The flashing markers light up when the traffic signal turns red – not just when the train passes – to help condition drivers to be aware of the fact that these are atypical intersections.

FHWA requires studies to be done on a quarterly basis through 2011 as a condition of the experiment. In a recent study covering periods both before and after the project showed that the illuminated pavement markers have caught drivers’ attention, reducing the number of accidents caused by red-light-running by as much as 50% at some intersections. The pavement markers have also helped curb right-turn-on-red violations – an illegal maneuver along the Main Street Line.

The program remains in the experimental development phase. METRO’s goal is to get the technology approved by the FHWA as a standard traffic signal device, opening the door for other cities to adopt the safety tool.
Currently, METRO maintains and operates 71 traffic signals along the rail line, with one new intersection under construction in the Texas Medical Center bringing the total to 72 by end of FY2010. At the end of FY2009 the total number of intersections equipped with in pavement lights is twenty four (24) which is the maximum allowed for the experiment at this time. This is 33% of the managed intersections.

The program is very cost effective. It has allowed METRORail to reduce delays due to accidents, near misses and eliminated repair cost due to accidents. It has also saved the public time and money by avoiding accidents that cause delays.

**Community Volunteers Making a Difference**

At the November 2008 meeting the METRO Board honored Mr. John Branch, President of the Independence Heights War on Drugs Civic Club, with the Distinguished Member Service Award because of his enormous commitment to the Adopt-a-Stop and Adopt-a-Shelter program. Launched in September 2006, the Adopt-a-Stop and Adopt-a-Shelter program is a joint effort between METRO Police and community volunteers designed to help fight vandalism and suspicious or criminal activity within the community. The program works by providing volunteers with trash bags to help clean the bus stops or passenger shelters. Under this program, METRO agrees to pick up the trash at the bus stops or shelters twice a week. In return, participants of the Adopt-a-Stop or Adopt-a-Shelter program volunteer to pick-up litter in the area between METRO’s trash collections. Additionally, volunteers can also make improvements to the area (planting flowers, for example) or even power wash the shelter once a month. Currently the Adopt-a-Stop and Adopt-a-Shelter program has 160 volunteers who have adopted approximately 774 bus stops and shelters and the program is still growing.

**Employees Generously Give Back**

In FY2009, the generous spirit of giving was alive and well among METRO’s employees. METRO’s Annual Community Fund Drive was a huge success with contributions from METRO staff totaling a record level of $120,000 - surpassing the ambitious $100,000 goal set for the year.

During the holiday season, a group of METRO mechanics spread a touching message as they gave away new bikes to dozens of disadvantaged children. This year the effort raised nearly $1,400 in donations (enough for 28 bikes). After some additional sponsors donated another $1,150, the group distributed a total of 54 bikes throughout the community.

From March 9th through March 20th, METRO also hosted a clothing drive to benefit Dress for Success® Houston (DFSH), a non-profit organization that provides interview-
appropriate suits to disadvantaged women seeking employment. It is estimated that more than 400 items were donated to Dress for Success® by METRO employees.

Also in March, METRO officially kicked off its fundraising campaign for the March of Dimes by asking employees to help end birth defects. This volunteer, grass-roots effort to raise money included a carnival day, a funniest video contest, a collection drive, and “March of Babies” 5-mile fundraising walk. In total, METRO employees raised approximately $5,000.

The year ended with the 5th Annual YMCA Operation Backpack campaign (July 17th through August 16th). During the campaign, donations were taken for new backpacks and school supplies for area children as the new school year began. Items were dropped off at the 1900 Main building and totaled enough school supplies for an estimated 5 students.

**Documentaries Bring METRO into the World of TV Media**

Throughout the summer of 2009, eight documentary-style television programs were broadcasted on cable access in an innovative push to educate the general public about the Authority and the future plans for the region’s transit system.

“Houston: The Road Ahead,” the first episode of the series, featured host Laura Whitley, former Channel 13 news reporter, and traced METRO’s humble beginnings, the middle years before the 2003 referendum was passed and the current state of affairs – from the modern, hybrid-electric bus fleet to the plans of building five light-rail lines.

“Precious Cargo” highlighted the transformation METRO’s bus fleet has undergone over the years - from buses without radios or air conditioning to buses equipped with innovative, state-of-the-art technology. It also showcased the different men and women behind-the-scenes who work hard to make sure METRO's buses are safe, clean and reliable.

“I Ride” featured riders from all walks of life who have one thing in common – METRO. These public transit patrons talk about their easy fix to avoiding Houston’s bottlenecks, where they travel and why, as well as discussions on the benefits of the down time they can enjoy by letting METRO do the driving.

“METRO: Ready To Respond” presented the METRO Police Department (MPD) and how they make the region’s transit system one of the safest in the nation. From disabled vehicles on freeways to suspicious packages on rail platforms, the MPD is prepared to respond to all types of emergencies.

“Communities Connected: A Look at Regional Transit” showcased an informative discussion, moderated by Mike Barajas of Fox 26 News, with a panel of experts giving their opinions on regional transit – what is it, how will it move the economy and what role will METRO play in its future.
“Connecting Communities” captured the gala event celebrating the Authority’s groundbreaking ceremonies for the Southeast and North corridors. The segment included speeches by key political proponents of the light-rail expansion plus a curtain-dropping finale which revealed one of the newest METRO rail cars.

“Path to Rail” chronicled the long and rocky road of how METRO got one of the most successful light-rail lines, in terms of boardings per rail car, in the nation.

“METRO Moves” documents how the Authority cleans, refuels, and maintains its fleet of buses and rail cars in order to make sure rider safety and satisfaction is ensured.

Every Monday from June 6th through August 3rd, METRO aired a new episode on the HCCTV network (Comcast channel 19), then the episodes were rebroadcasted every weekday throughout the week at 6 p.m. Each episode was also shown in streaming real-time video on HCCTV’s web site and is now posted on METRO’s web site www.ridemetro.org for future viewing.

**Participation in Community Events Enhanced**

Throughout the year METRO participated in several community outings and social events, highlighting its role as a community partner. On Sunday, September 6th, METRO joined the celebration of Fiesta Patrias, a national Mexican holiday celebrating Mexico’s independence from Spain. At the celebration, which occurred at Reliant Park, the Authority displayed a giant booth - complete with one of its new Quickline buses - and gave away brochures and various promotional items like tickets to Dynamo games as well as to the Houston Museum of Natural Science.

In addition, the Authority also partnered with various local sports and entertainment organizations. On April 22nd, METRO teamed up with the Houston Astros to celebrate Earth Day by offering fans a discount if they rode METRO to the game at Minute Maid Park. METRO representatives were also on-site handing out materials promoting a greener Houston. METRO also had information booths setup at select Miller Outdoor Theater shows throughout the summer.

Promoting the convenience of METRORail’s Museum District Station on Fannin Street, METRO also partnered with the Museum of Fine Arts Houston by offering promotional discounts to both its Latin Wave Film festival (April 30th to May 3rd) and the Museum of Natural Science’s Terra Cotta Warriors: Guardians of China’s First Emperor.
Ridership Trends

System Ridership

Total system ridership for FY2009, which includes fixed route bus, METRORail, Special Bus, and HOV Vanpools/Carpools, was 108.8 million.

**FY2009 System Ridership**

- **Fixed Route Bus Service**: 78,163,462 (FY2008) vs. 68,957,797 (FY2009), change -11.8%
- **METRORail Service**: 11,675,840 (FY2008) vs. 11,561,633 (FY2009), change -1.0%
- **Subtotal Fixed Route Service**: 89,839,302 (FY2008) vs. 80,519,430 (FY2009), change -10.4%
- **Special Bus Service**: 4,000,963 (FY2008) vs. 4,122,905 (FY2009), change 3.0%
- **Subtotal Bus & Rail Services**: 93,840,265 (FY2008) vs. 84,642,335 (FY2009), change -9.8%
- **HOV Carpools, Vanpools & Non-METRO Buses**: 24,687,234 (FY2008) vs. 24,112,235 (FY2009), change -2.3%
- **TOTAL RIDERSHIP**: 118,527,499 (FY2008) vs. 108,754,570 (FY2009), change -8.2%

*Fixed route ridership data reported are the unadjusted and unedited Automatic Passenger Counter (APC) registrations.*
Fixed Route Service

<table>
<thead>
<tr>
<th>Fixed Route Ridership</th>
<th>FY2008</th>
<th>FY2009</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Bus Service</td>
<td>69,549,719</td>
<td>61,066,725</td>
<td>-12.2%</td>
</tr>
<tr>
<td>Park &amp; Ride Bus Service</td>
<td>8,613,743</td>
<td>7,891,072</td>
<td>-8.4%</td>
</tr>
<tr>
<td>Subtotal Fixed Route Service</td>
<td>78,163,462</td>
<td>68,957,797</td>
<td>-11.8%</td>
</tr>
<tr>
<td>METRORail Service</td>
<td>11,675,840</td>
<td>11,561,633</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Total Fixed Route Service</td>
<td>89,839,302</td>
<td>80,519,430</td>
<td>-10.4%</td>
</tr>
</tbody>
</table>

Note: Beginning in July 2008, fixed route ridership data reported are the unadjusted and unedited Automatic Passenger Counter (APC) registrations. Prior to July 2008, APC data was incomplete and have been adjusted to bring these to the same basis as the data after July 2008.

The cumulative effect of the FY2008 fare restructuring and the November 2\textsuperscript{nd}, 2008 fare increase, the decrease in fuel prices compared to previous year and the rising in unemployment with the economic downturn, contributed to the decrease in ridership, but this loss is lower than expected. The fare restructuring, coinciding with the introduction of the METRO Q\textsuperscript{®}, eliminated free transfers for cash fare payments, effectively reducing the number of trips customers could make when using cash instead of the METRO Q\textsuperscript{®} for the same fare. The resulting decrease is in transfer ridership and had minimal impact on revenue. METRO’s original estimate for the loss in ridership in FY2009 associated with the fare restructuring and the fare increase alone was 12.4%.
Other factors which had an impact on ridership throughout FY2009:

- The introduction of the Pasadena Park & Ride (Apr-2009), Renwick Crosstown (Jun-2009), Bellaire Quickline (Jun-2009), and TMC SwiftLine (Aug-2009) as well as increased off-peak service on core routes resulted in more than 100,000 additional boardings during the second half of the fiscal year.

- Average weekly gasoline prices were 30% – 50% lower in FY2009 than the previous year. This contributed to a decrease in Park & Ride passenger boardings.
Special Bus Services

Special Bus Services have two primary components: METROLift (service on-demand) and METRO STAR Vanpool Service (vanpooling utilizing non-METRO operated vans). These services do not have fixed routes or set schedules.

Total ridership for Special Bus Services in FY2009 was 4.12 million.

In FY2009, METROLift ridership was 4.5% above its ridership for FY2008. In the 4th quarter of FY2009, METROLift ridership was 390,000 boardings. This represents a 16.3% increase from the 4th quarter of FY2008 where ridership in September was depressed due to Hurricane Ike.

Currently there are just over 730 vanpools in the STAR Vanpool program. Year-to-date ridership is 5.1% higher than the same period last year.

In FY2008, METRO provided limited Special Event Service. Due to a change in federal regulations, METRO no longer provides these services. This resulted in a year-to-year loss of 70,000 boardings.
Financial Performance

This section of the report is based on a preliminary closing of the year-end financials for FY2009.

Revenues

<table>
<thead>
<tr>
<th>FY2009 METRO Revenues ($ millions)</th>
<th>Budget</th>
<th>Actual</th>
<th>Differences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fares</td>
<td>68.208</td>
<td>65.658</td>
<td>-2.550</td>
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<tr>
<td>Sales Tax (Cash Basis)</td>
<td>481.721</td>
<td>523.492</td>
<td>41.771</td>
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<tr>
<td>Interest &amp; Miscellaneous</td>
<td>9.995</td>
<td>4.963</td>
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<tr>
<td>TOTAL</td>
<td>559.924</td>
<td>594.113</td>
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<tr>
<td>Grants</td>
<td>182.700</td>
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</tr>
</tbody>
</table>

*This number is from the September FY2009 preliminary closing financial report. Since then an additional $23 million in grants have been booked for FY2009, at the time of issuing this report, for a total grant value for FY2009 of $41 million. Operating grants of $53.8 are not represented here as they are included in the ‘FY2009 Operating Budget, Expenses, and Variance’ statement on pg. 19.

Fares

The FY2009 fares, compared to FY2008, are up $12.4 million or 23.4%. Fare restructuring and the fare increase implemented on November 2nd, 2008 contributed to this increase.
Sales tax revenue (cash basis) for FY2009 is $523.5 million, a $41.8 million or 8.7% increase over budget; and $3.3 million or 0.6% increase over the actual for FY2008.

The Houston economy has so far felt the recessionary pressures to a lesser extent than other urban areas of the country. Also, during the 2nd quarter of the year, METRO received additional sales tax revenues as a result of rebuilding activities after Hurricane Ike. This has begun to change somewhat as sales tax revenue for the 4th quarter is $12.5 million below that of the 4th quarter last year.
Grant Revenue

Grant revenue for FY2009 is $17.9 million compared to $182.7 million budgeted. The North and Southeast corridors were anticipating having Full Funding Grant Agreements (FFGA) in place for $145.4 million. The FFGA’s are now estimated to occur by the end of the 1st quarter FY2010. Under Federal Transit Administration policy, METRO receives grant funds only once the expenditures are incurred. As a result, when project expenditures are running under budget, due to rescheduling, etc., grant revenue is also under budget.
## FY2009 Operating Budget, Expenses, and Variance

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>FY2009 Budget ($)</th>
<th>FY2009 Expenses ($)</th>
<th>$ Variance (favorable) / unfavorable</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
<td>94,264,654</td>
<td>95,182,191</td>
<td>917,537</td>
<td>1.0%</td>
</tr>
<tr>
<td>Fringe Benefits Union</td>
<td>47,241,166</td>
<td>46,213,119</td>
<td>(1,028,047)</td>
<td>-2.2%</td>
</tr>
<tr>
<td><strong>Total Union Labor</strong></td>
<td><strong>141,505,820</strong></td>
<td><strong>141,395,310</strong></td>
<td><strong>(110,510)</strong></td>
<td><strong>-0.1%</strong></td>
</tr>
<tr>
<td>Salaries and NonUnion Wages</td>
<td>76,015,037</td>
<td>71,950,161</td>
<td>(4,064,876)</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Fringe Benefits Non-Union</td>
<td>34,120,272</td>
<td>32,283,054</td>
<td>(1,837,218)</td>
<td>-5.4%</td>
</tr>
<tr>
<td><strong>Total Non-Union Labor</strong></td>
<td><strong>110,135,309</strong></td>
<td><strong>104,233,215</strong></td>
<td><strong>(5,902,094)</strong></td>
<td><strong>-5.4%</strong></td>
</tr>
<tr>
<td><strong>Total Labor and Fringe Benefits</strong></td>
<td><strong>251,641,129</strong></td>
<td><strong>245,628,525</strong></td>
<td><strong>(6,012,604)</strong></td>
<td><strong>-2.4%</strong></td>
</tr>
<tr>
<td>Services</td>
<td>19,521,691</td>
<td>13,107,740</td>
<td>(6,413,951)</td>
<td>-32.9%</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>19,802,947</td>
<td>18,190,486</td>
<td>(1,612,461)</td>
<td>-8.1%</td>
</tr>
<tr>
<td>Fuel &amp; Utilities</td>
<td>63,810,928</td>
<td>64,958,330</td>
<td>1,147,402</td>
<td>1.8%</td>
</tr>
<tr>
<td>Casualty and Liability</td>
<td>3,861,648</td>
<td>3,163,405</td>
<td>(698,243)</td>
<td>-18.1%</td>
</tr>
<tr>
<td>Purchased Transportation</td>
<td>72,432,913</td>
<td>69,347,331</td>
<td>(3,085,582)</td>
<td>-4.3%</td>
</tr>
<tr>
<td>Leases, Rentals and Miscellaneous</td>
<td>3,221,169</td>
<td>2,704,176</td>
<td>(516,993)</td>
<td>-16.0%</td>
</tr>
<tr>
<td><strong>Total Non-Labor</strong></td>
<td><strong>182,651,296</strong></td>
<td><strong>171,471,468</strong></td>
<td><strong>(11,179,828)</strong></td>
<td><strong>-6.1%</strong></td>
</tr>
<tr>
<td><strong>Total Labor and Non Labor</strong></td>
<td><strong>434,292,425</strong></td>
<td><strong>417,099,993</strong></td>
<td><strong>(17,192,432)</strong></td>
<td><strong>-4.0%</strong></td>
</tr>
<tr>
<td>Cost Recovery</td>
<td>(8,204,456)</td>
<td>(7,406,843)</td>
<td>797,613</td>
<td>9.7%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>426,087,969</strong></td>
<td><strong>409,693,150</strong></td>
<td><strong>(16,394,819)</strong></td>
<td><strong>-3.8%</strong></td>
</tr>
<tr>
<td>Capitalized Operating Expenses</td>
<td>(53,811,936)</td>
<td>(53,811,936)</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Allocation to Capital &amp; GMP</td>
<td>(42,276,033)</td>
<td>(40,772,359)</td>
<td>1,503,674</td>
<td>3.6%</td>
</tr>
<tr>
<td><strong>Total Allocation to Capital</strong></td>
<td><strong>(96,087,969)</strong></td>
<td><strong>(94,584,295)</strong></td>
<td><strong>1,503,674</strong></td>
<td><strong>1.6%</strong></td>
</tr>
</tbody>
</table>

| OPERATING BUDGET                      | 330,000,000        | 315,108,855         | (14,891,145)                        | -4.5%      |
Operating expenses for FY2009 are $315.11 million compared to $330.00 million budgeted, $14.89 million or 4.5% under budget.
Wages are over budget by $918,000. A 2.1% increase in the union wage rate, together with an adjustment to the Tier 2 Bus Operator wage rates resulting from the union agreement effective January 2009, represents approximately $2.2 million of additional wage cost (January – September).

The wages overrun would have been higher if not for decreases in certain other areas: Bus and Facility Maintenance wages are $239,000 below budget, the result of vacancies (averaging 25 full-time mechanics/cleaners and 7 part-time mechanics) and reduced sick leave cash out; Rail wages are $234,000 under budget and primarily reflect lower sick leave cash out and LRT vacancies; the sick leave cash out component of $185,000 in all of the items above are due to an advanced payment of just over $100,000 made in September 2008 (prior fiscal year) to accommodate employees impacted by Hurricane Ike as well as lower than budgeted usage.
Union Fringe Benefits are $1.028 million or 2% under budget. Benefit Trust Contribution is under budget by $1.1 million primarily due to a combination of fewer retirees, less union staff electing to take health insurance, and vacancies. Unbudgeted longevity pay resulting from the new union contract was absorbed by union fringe benefit underruns created by the vacancies previously discussed and an underrun in Workers’ Compensation expense resulting from a lower level of overall claims throughout the fiscal year and the closing of more claims than opened.

Salaries and Non-Union Wages are under budget by $4.065 million or 5%. At the end of the fiscal year, 95 salaried positions were vacant (50 of which were eliminated in the FY2010 Budget). Salaried overtime ended the year $290,000 under budget reflecting efficiencies in Service Supervision and in managing the Bus Marshall program.

Non-Union Fringe Benefit expenses are under budget by $1.837 million or 5% resulting from the vacancies previously discussed. In addition, lower wellness plan participation resulted in non-participants paying higher healthcare premiums, reducing costs to METRO.

Services expenses are under budget by $6.414 million or 33%. Contract delays for shelter and platform cleaning and landscaping services in Facilities Maintenance resulted in savings of $1.276 million. A delay in the implementation of the maintenance contract for the METRO Q® system (ACS), as well as favorable pricing saved $1.480 million. Delays in IT services such as those to maintain and repair existing systems saved $362,000. Less Human Resources service contracts (background checks, pre-employment physical exams, etc.) and job advertising in FY2009 saved $237,000. Tight monitoring of temporary help, education & training fees and savings in courier services due to a cheaper contract than budgeted produced underruns of $354,000, $205,000 and $299,000 respectively. Lower advertising and printing expenses due to a reprogramming of funds as well as a delayed start of major marketing campaigns resulted in savings of $235,000. Reduced marketing surveys saved $127,000.

Materials & Supplies are under budget by $1.612 million or 8%. Bus Parts are $645,000 under budget primarily reflecting tight control of parts cost. The balance of the underrun is a result of lower parts usage in Support Vehicle, Rail and Facilities Maintenance and other supplies usage throughout the Authority (e.g., office supplies).

Fuel & Utilities are over budget by $1.147 million or 2%, mainly the result of the cost of off-site storage fuel being higher than budget in the latter part of the year. Overall, diesel fuel ended the year $2.1 million above budget. Offsetting the diesel fuel overrun were savings in Power expenses ($321,000 below budget due to lower than anticipated transmission charges) and Gasoline ($450,000 below budget primarily reflecting lower market prices).
Casualty & Liability expenses are $698,000 or 18% under budget. Aggressive recovery of physical damage subrogation, including two significant rail (e.g., $44,000 from an accident in August 2008) and three significant bus recoveries (e.g., $25,000 each from two accidents in 2009, one in April and the other in May), has resulted in the increased recoveries. The remaining budget underrun is the result of METRO reducing insurance premium cost by modifying the maximum deductible obligations from $1 million to 3% of value for wind-related damage. This produced over $300,000 in savings.

Purchased Transportation expense is $3.086 million or 4% under budget. METROLift expenses are under budget by $1.836 million primarily due to lower fuel cost associated with the minivan contract and more efficient scheduling. Vanpool contractor expenses ended the year under budget by $1.058 million resulting from marketing and vehicle branding delays in the program early in the fiscal year. Correspondingly, the cost recovery that covers these expenses is also less than anticipated.

Leases, Rentals & Miscellaneous expenses are $517,000 or 16% under budget. The majority of the underrun is due to savings efforts and is made up of the curtailment of travel ($314,000), memberships and subscriptions ($100,000), and Small Capital purchases ($98,000).

Cost Recoveries are $798,000 or 10% less than budget. This is primarily due to reduced vanpool recovery resulting from the underrun in vanpool purchased transportation expenses discussed above.

Capitalized Operating Expenses are on budget.

Allocation to Capital and GMP is $1.504 million or 4% lower than budget reflecting vacancies in capitalized positions.
FY2009 General Mobility Program expenditures were $113.607 million compared to $163.758 million budgeted, $50.151 million or 30.6% less than budgeted.

### General Mobility Budget Results

<table>
<thead>
<tr>
<th></th>
<th>FY2009 Budget ($ millions)</th>
<th>FY2009 Actual ($ millions)</th>
<th>Variance ($ millions)</th>
<th>Variance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Houston</td>
<td>99.397</td>
<td>70.442</td>
<td>-28.955</td>
<td>-29.1%</td>
</tr>
<tr>
<td>Harris County</td>
<td>41.626</td>
<td>17.308</td>
<td>-24.318</td>
<td>-58.4%</td>
</tr>
<tr>
<td>Multi-Cities</td>
<td>18.562</td>
<td>21.027</td>
<td>2.465</td>
<td>13.3%</td>
</tr>
<tr>
<td>Area-Wide</td>
<td>4.173</td>
<td>4.830</td>
<td>0.657</td>
<td>15.7%</td>
</tr>
<tr>
<td>Total General Mobility Program</td>
<td>163.758</td>
<td>113.607</td>
<td>-50.151</td>
<td>-30.6%</td>
</tr>
</tbody>
</table>

City of Houston expenditures were $70.442 million, 29.1% less than the $99.397 million budgeted. Invoices totaling approximately $19 million anticipated to be received and paid during the 1st quarter of FY2009 were received earlier and were accrued as FY2008 expenses. Additionally, City of Houston project invoicing has been less than anticipated.

Harris County expenditures were $17.308 million, 58.4% less than the $41.626 million budgeted. This was due to county invoicing being less than anticipated.

Multi-Cities expenditures were $21.027 million, 13.3% more than the $18.562 million budgeted. The two City of Bellaire projects which were anticipated to have been funded in FY2008 were not funded until FY2009 due to a delay in the project implementation schedule. Additionally, Congestion Mitigation Program payments, a percentage of sales tax revenue, were approximately 12% less than budgeted.

Area-Wide expenditures were $4.830 million, 15.7% more than budgeted. This was primarily due to expenditures being higher than anticipated for METRO's Expanded Motorist Assistance Program.
Capital Expenditures

Capital expenditures for FY2009 were $232.8 million, and are 55.3% or $287.7 million below budget. Major variances in the Capital Budget are identified and discussed below.

<table>
<thead>
<tr>
<th>METRO Solutions Capital Improvement Program</th>
<th>FY2009 Budget ($ millions)</th>
<th>FY2009 Actual ($ millions)</th>
<th>Variance ($ millions)</th>
<th>Variance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro Solutions</td>
<td>340.595</td>
<td>165.919</td>
<td>-174.676</td>
<td>-51.3%</td>
</tr>
<tr>
<td>Capital Improvement Program</td>
<td>179.961</td>
<td>66.903</td>
<td>-113.058</td>
<td>-62.8%</td>
</tr>
<tr>
<td>Total Capital Budget</td>
<td>520.556</td>
<td>232.823</td>
<td>-287.733</td>
<td>-55.3%</td>
</tr>
</tbody>
</table>

**METRO SOLUTIONS**

The underrun is primarily due to the delay in the approval of the Full Funding Grant Agreement (FFGA), the constrained financial markets, and the complex negotiations with the Facility Provider. Land acquisition for the University Corridor was $65 million under budget due to the delay in the Record of Decision (ROD) approval from the Federal Transit Administration (FTA). Concurrently, the Uptown Corridor was also delayed as land acquisition has been postponed while awaiting the completion of an agreement with Uptown Management District (a representation of local land owners and business interests), resulting in a $75 million underrun. The remaining underrun is associated with finalizing land acquisition closings in the other corridors. Substantial progress has been made in the 4th quarter now that the Facility Provider contract has been signed and the FTA’s permission for Final Design of the North and Southeast light-rail lines has been received.

**CAPITAL IMPROVEMENT PROGRAM (CIP)**

The CIP underrun is a result of conservative spending efforts and the delaying of Commuter Rail related work until beyond FY2009. Other areas such as High Occupancy/Toll Lane (HOT Lane) Expansion, Park & Ride Expansions, Development projects, and IT Projects were also under budget as METRO selectively trimmed financial commitments pending improvement of the financial markets in these difficult economic conditions.
METRO Solutions Contracts

Parsons Transportation Group $1.46B March 2009
Total Notice to Proceed $217M August 2009

<table>
<thead>
<tr>
<th>Type</th>
<th># of Contracts</th>
<th>Amount</th>
<th>% Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering</td>
<td>18</td>
<td>$51M</td>
<td>83%</td>
</tr>
<tr>
<td>Construction</td>
<td>17</td>
<td>$20M</td>
<td>85%</td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>$71M</td>
<td>84%</td>
</tr>
</tbody>
</table>

SBE/DBE $31M
Rate 44%

Tier 1 Subs 36
Tier 2 Subs 130
Debt Service

FY2009 Debt Service expenditures were $10.088 million compared to $10.559 million budgeted, $0.471 million or 4.5% less than projected.

The underrun is the result of less debt service paid for commercial paper. METRO has not issued as much commercial paper as planned due to capital program delays and borrowing rates have been lower than anticipated averaging 0.55%.
## Composite Operating & Capital Statement

($000 OMITTED)

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fares</td>
<td>68,208</td>
<td>65,658</td>
<td>(2,550)</td>
</tr>
<tr>
<td>Sales Tax Income</td>
<td>481,721</td>
<td>517,171</td>
<td>35,450</td>
</tr>
<tr>
<td>Interest Income</td>
<td>2,193</td>
<td>3,850</td>
<td>1,657</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>7,802</td>
<td>1,113</td>
<td>(6,689)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>559,924</td>
<td>587,792</td>
<td>27,867</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transit: Department &amp; Support Expenditures</td>
<td>324,841</td>
<td>307,383</td>
<td>(17,458)</td>
</tr>
<tr>
<td>Traffic Management: Department &amp; Support Expenditures</td>
<td>5,009</td>
<td>7,674</td>
<td>2,665</td>
</tr>
<tr>
<td>Expensed Small Capital Purchases</td>
<td>150</td>
<td>52</td>
<td>(98)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>330,000</td>
<td>315,109</td>
<td>(14,891)</td>
</tr>
<tr>
<td>Gross Income - Total Operating Expenses</td>
<td>229,924</td>
<td>272,683</td>
<td>42,758</td>
</tr>
<tr>
<td>+ Federal/State Capital Grants Collected</td>
<td>182,730</td>
<td>17,866</td>
<td>(164,864)</td>
</tr>
<tr>
<td>Current Year Cashflow Available for Capital Expenditures</td>
<td>412,654</td>
<td>290,549</td>
<td>(122,105)</td>
</tr>
<tr>
<td>- Capital Expenditures Made</td>
<td>684,314</td>
<td>346,430</td>
<td>(337,884)</td>
</tr>
<tr>
<td><strong>Current Year Cashflow for Future Capital Expenditures Including Replacements and Operating Expenses</strong></td>
<td>(271,660)</td>
<td>(55,881)</td>
<td>215,779</td>
</tr>
</tbody>
</table>

All data in year-of-expenditure dollars.
Sales Tax is reported on an accrual basis.
## Balance Sheet

### As of September 2009

<table>
<thead>
<tr>
<th>Assets</th>
<th>September 2008 ($)</th>
<th>September 2009 ($)</th>
<th>Change ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>8,885,890</td>
<td>9,985,532</td>
<td>1,099,642</td>
</tr>
<tr>
<td>Receivables</td>
<td>100,837,933</td>
<td>93,059,786</td>
<td>(7,778,147)</td>
</tr>
<tr>
<td>Inventory</td>
<td>32,086,923</td>
<td>25,061,062</td>
<td>(7,025,861)</td>
</tr>
<tr>
<td>Investments</td>
<td>142,268,549</td>
<td>339,088,041</td>
<td>196,819,492</td>
</tr>
<tr>
<td>Other Assets</td>
<td>34,411,925</td>
<td>37,330,517</td>
<td>2,918,592</td>
</tr>
<tr>
<td>Property Net of Depreciation</td>
<td>1,372,506,728</td>
<td>1,505,915,486</td>
<td>133,408,758</td>
</tr>
<tr>
<td>Land &amp; Improvements</td>
<td>419,066,190</td>
<td>466,158,715</td>
<td>47,092,525</td>
</tr>
<tr>
<td><strong>Total Assets and Other</strong></td>
<td><strong>2,110,064,138</strong></td>
<td><strong>2,476,599,139</strong></td>
<td><strong>366,535,001</strong></td>
</tr>
</tbody>
</table>

| Liabilities | | | |
| Trade Payables | 104,155,476 | 112,275,166 | 8,119,690 |
| Accrued Payroll | 21,531,490 | 29,286,540 | 7,755,050 |
| Short-Term Debt | 143,000,000 | 143,000,000 | - |
| Long-Term Liabilities | 37,483,807 | 355,300,561 | 317,816,754 |
| Other Liabilities | 32,512,401 | 41,597,345 | 9,084,944 |
| **Total Liabilities** | **338,683,174** | **681,459,612** | **342,776,438** |

Net Assets - Retained (1) | 1,771,380,964 | 1,795,139,527 | 23,758,563 |

Total Liabilities and Net Assets | 2,110,064,138 | 2,476,599,139 | 366,535,001 |

(1) On a year to year basis, net assets increased by 1.3% or $23.8 million.
In FY2009, METRO’s Operating Ratio rose to 20%, a 6% improvement over the FY2009 annual goal of 19%.

The major factors that contributed to the increase in Operating Ratio are the higher fare revenues and the control of operating expenses.
FY2009 Year End Financial & Management Report
Fiscal Year Ending September 30th, 2009

Key Performance Indicators

Mean Distance Between Failures (MDBF)

In the 4th quarter, the bus fleet performed above the FY2009 minimum performance standard of 6,000 MDBF each month. Actual performance was 12% better in July than the MDBF minimum, 15% better in August, and 9% better in September.

This improved MDBF performance of the bus fleet is attributable to the continuing focus on positive repairs and good preventative maintenance practices. The fleet did experience a higher volume of engine failures than planned but preventative measures have been put in place to address this issue.

On-Time Performance (Service Reliability)
Service Reliability assesses the quality of the delivery of bus service by measuring how often the bus meets the scheduled timepoints within the set parameters. There are different goals and measures for Local and Park & Ride services. The On-Time Performance (OTP) definition was revised in January 2009, allowing buses to depart from a parameter of 5 minutes late to less than 6 minutes late. These parameters are reflective in the year-to-date percentage.

Service Reliability is measured by the Integrated Vehicle Operations Management System (IVOMS), which automatically monitors vehicle locations and compares the actual times that buses depart from all timepoints.

A Local bus is considered on time if it does not depart early or departs less than 6 minutes late. Data is calculated using all IVOMS scheduled timepoints for all days and hours of service. In the 4th quarter, Local buses were reliable an average of 68% of the time, which is 7 percentage points above the goal of 61%.

An inbound Park & Ride bus during the morning peak is considered on time if it departs from the Park & Ride lot as scheduled, no more than 5 minutes before the scheduled time if full, or less than 6 minutes late if not full. An outbound Park and Ride bus during the PM peak is considered on time if it does not leave scheduled downtown timepoints early or less than 6 minutes late. In the 4th quarter, Park & Ride buses were on-time an average of 77%, which exceeded the goal of 74%.

METRO continues to analyze routes in order to define and resolve some of the issues having a negative impact on OTP like service restoration, system defects, layovers, and proper IVOMS training among Operators.
Accidents

Bus accidents for FY2009 totaled 473, well below goal and a 10% decrease from the same point last year.

This confirms that the Accident Reduction Plan that METRO implemented at all Bus Operating Facilities in January 2009 was a success. A key component of this plan leading to a further decline in accidents included System Safety personnel riding with and mentoring the new Bus Operators as they progressed from graduation through their probationary period. Additionally, after studying the safety statistics over several months, a pattern became apparent that a larger portion of accidents took place in the afternoon. METRO took decisive action by redeploying staff in order to increase presence in the field at times when most of the accidents occur. Overall this increased oversight has proven to efficiently reduce the accidents.

Rail accidents in the 4th quarter FY2009 totaled 9, a decrease of 30.8% from the 4th quarter FY2008. Year-to-date, rail accidents are 36.5% below last year. The continuation of the directional queue jump for trains, along with increased METRO presence played a significant role in this decrease in accidents.
Complaints

In FY2009, METRO received 17,257 complaint calls from customers. This is 27% below the annual goal or maximum number of complaint calls for the fiscal year.

Compared to FY2008, overall complaints have decreased 25.5%. Complaints about Operator behavior have declined 26.8%, complaints on timeliness and reliability have declined 28.7%, and complaints about Operator driving have declined 15.8%.

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2008 YTD</th>
<th>FY2009 YTD</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operator Behavior</td>
<td>7,725</td>
<td>5,654</td>
<td>-26.8%</td>
</tr>
<tr>
<td>Timeliness &amp; Reliability</td>
<td>5,735</td>
<td>4,089</td>
<td>-28.7%</td>
</tr>
<tr>
<td>Driving Safety</td>
<td>2,829</td>
<td>2,383</td>
<td>-15.8%</td>
</tr>
<tr>
<td>METROLift</td>
<td>1,739</td>
<td>1,555</td>
<td>-10.6%</td>
</tr>
<tr>
<td>Equipment Problems</td>
<td>916</td>
<td>658</td>
<td>-28.2%</td>
</tr>
<tr>
<td>Crowded Bus or Rail Car</td>
<td>737</td>
<td>239</td>
<td>-67.6%</td>
</tr>
<tr>
<td>Other</td>
<td>3,482</td>
<td>2,679</td>
<td>-23.1%</td>
</tr>
<tr>
<td><strong>COMPLAINT TOTALS</strong></td>
<td>23,163</td>
<td>17,257</td>
<td>-25.5%</td>
</tr>
</tbody>
</table>

FY2008 and FY2009 complaints are measured by the number of complaint calls received.

In FY2009, METRO recognized almost 400 operators with superior customer service skills. These "Top Customer Service Operators" had no verifiable customer complaints in the past year. In acknowledgment and gratitude, each Bus Operating Facility hosted catered lunches for their top operators and awarded each with two tickets to a Houston Astros baseball game and a recognition pin.
Major Security Incidents

Major Incidents are those categories that are listed in the FBI Part I Crimes used in national crime reporting. Part I crimes in the 4th quarter of FY2009 averaged 27 incidents per month with the 4th quarter total representing a 20% decrease from the total in 3rd quarter FY2009.
Part I Crimes

FY2009 Crime by Location - METRO Properties

Part I Crimes for FY2009 is 395. This represents a 10% decrease compared to FY2008 which was 438. Although the overall Part I Crimes showed a decrease, the Park and Ride Part I Crimes showed an increase in the 4th quarter with 38 reported crimes compared to 29 during the 3rd quarter of FY2009.

The Authority has identified suspects in several Park & Ride cases via METRONet Park & Ride video and most recently (in October 2009) was been able to make an arrest in relation to vehicle burglary cases at the West Bellfort Park & Ride. With the recent impacts of a slowing regional economy and increased unemployment, an increase in property related crime as seen at Park & Ride lots is anticipated. METRO continues to look at strategies to reduce property related crimes in the future.

During the 4th quarter of FY2009, Part I Crimes for Robberies, Larceny and Thefts were down by 24% when compared to the 3rd quarter of FY2009. Part I Crimes at Park and Rides, Transit Centers, On Board Bus, On Board LRV and at Rail Platforms averaged 17 incidents per month, which is a 7% decrease compared with the 3rd quarter average.

METRO has focused initiatives and pro-active policing efforts to continue attacking crime trends affecting the system and changing conditions that impact community and system reported crime.
In the 4th quarter of FY2009, the wait time for Customer Information Center (CIC) calls averaged 35 seconds. This represents a 37.5% decrease from customers’ wait time during the 4th quarter of FY2008 which averaged 56 seconds.

The call abandoned rate went from 10.39% in the 4th quarter of FY2008 to 7.58% during the same period in FY2009. The abandoned rate decreased 27%.

CIC had 562,853 calls offered during the 4th quarter of FY2009 compared to 591,005 during the same period in FY2008. This represents a 5% decrease in the number of calls offered into the CIC.